

DDI-03762X/87

3 September 1987

MEMORANDUM FOR: Deputy Director for Intelligence

FROM:

 Deputy Director, Near East and South Asian Analysis

STAT

SUBJECT: Human Resource Modernization and Compensation  
Task Force Report

1. Attached is my effort to reflect the views of NESAs analysts and managers on the sixteen key features of the Task Force Report.

2. I asked analysts from each branch in NESAs to read the report and get together and discuss their opinions and ideas on the issues raised in the Task Force Report. Representatives of the branches then met and drafted divisional analyst submissions. Managers from each division also prepared submissions. In addition to my summary of these contributions, I have attached the original commentaries.

3. Finally, D/NESA and I have prepared a brief Front Office perspective on the Human Resource Task Force Report.

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Attachments as stated

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**GENERAL COMMENTS**

Analysts: Overall, NESA analysts expressed reservations about most aspects of the proposed package. Most simply do not believe implementation can be accomplished because of financial strictures which they believe will be felt increasingly in government. They also expressed doubts about whether the package had been fully thought out. In the vernacular, they do not want to be guinea pigs; in academes, they believe that the program will have unanticipated dysfunctional consequences. Many believe the existing system is sufficiently flexible to accommodate those portions of the proposal with which they are impressed.

Managers: The managerial consensus is that deficiencies in the current personnel management and compensation system can be taken care of without creating a new and potentially worse system. The proposed new system lacks flexibility, adds bureaucratic complexities, discourages initiative, and will create an environment of unhealthy rivalry among competitors for pay and bonuses. The proposed benefits program, on the other hand, is imaginative and would raise morale and help retain careerists.

FEATURE 1 - OCCUPATIONALLY DEFINED BANDS

Analysts: By and large, NESAs analysts are skeptical of the market linkage idea. Political analysts, for example, are doubtful that the Agency can find professional occupations in the private sector that are comparable. If economists or computer specialists were to earn higher salaries -- because of market conditions -- than peer analysts with other specialities, the impact on productivity and morale would be significant, or so it was argued by some analysts. Some analysts also believe that occupational banding would make it more difficult to move between occupations within the Agency or to take rotations in other fields.

Managers: NESAs managers are divided in their views of banding; some are unconvinced of its merits, although most appear to believe that the notion is generally sound, and that the feature is a way to recognize that different occupations call for different salary levels. NESAs managers worry about how analyst occupational groups are divided into disciplines. To fully implement the principle of market pricing, economists probably would have to be separated from political and military analysts and paid more. This, in the managers' eyes, would lead to serious morale problems if analysts with the same level of competence/responsibility were paid different salaries. They argue that a single occupational group for analysts is best suited to NESA, with its integrated bands, and emphasis on cross-disciplinary analysis.

The managers endorse the removal of average grade and ceiling constraints.

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**FEATURE 2 - INCENTIVE PAY**

Analysts: Again, skepticism was the order of the day. Most analysts think the idea has merit in principle, but do not believe that incentive pay funds will be available given current and probably future budget constraints. Others express doubts about how an incentive plan would work in practice; the cynicism was expressed in this way: "...the bonus system, where it is used -- for high level managers -- appears to be applied subjectively and in a self-serving manner."

Managers: This feature got mixed reviews from NESA managers. Some said it sounded good on paper, but doubted it would work or have positive consequences. Those who took this line said it would be destructive of cooperative behavior, harmful to the concept of a team, promote hyper-competition for active, high visibility accounts, encourage analysts to become syncophants to managers who might abuse the system. On the other hand, those managers who support the feature argued that it would be a significant motivating force.

Even managers favorably inclined toward the feature have many questions about the implementation and administration of incentive pay: Would/should incentive awards and amounts be publicized? Are bonuses paid out in lump sums or spread out over a year, etc.?

**FEATURE 3 - PERFORMANCE PLAN**

Analysts: Most analysts see little in this proposal that is different from the current advanced work plan used in NESA (on a sometime basis).

Managers: Almost universal doubt whether an "automated AWP" would be useful or used. Those managers/analysts who communicate will continue to do so, others won't. Some managers said that too much time, money, and effort will be wasted on irrelevant, expensive ADP support.

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#### FEATURE 4 - PERFORMANCE EVALUATION

Analysts: NESA analysts, generally, had no strong reactions to this proposal. Some thought the proposed "automated" system seemed less flexible and therefore of less value in evaluating performance. In their view, structure does not necessarily lead to a more accurate PAR or better communication between a branch chief and analysts.

Managers: No major problem was seen in this feature, but the NESA managers concluded that this was just a revamped PAR and no great improvement on the current system. Some noted that, contrary to the report, the narrative in the current PAR is the most important part of the document

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**FEATURE 5 - OCCUPATIONAL CAREER HANDBOOKS**

Analysts: This is seen as a useful approach (especially for junior analysts) if the handbooks are used as guides and do not become straitjackets. Other NESA analysts said the proposed system overrates the value of the handbooks.

Managers: Again, the managers in NESA gave this feature mixed notices. Some said the objective was commendable, but that implementation costs would be excessive. Other managers thought the handbooks would be dust collectors or warned that analysts would focus on getting the proper "tickets punched" and then be disappointed if rewards were not forthcoming.

FEATURE 6 - INDIVIDUAL CAREER DEVELOPMENT PLAN

Analysts: The proposal engendered very little comment from NESA analysts; those who did respond were generally positive, but in a muted way.

Managers: Little or no reaction from NESA managers was generated by this feature. Some said it would improve manager-analyst communication, but others agreed that they should be doing this sort of thing anyway. The critics of the feature said it was formalistic and unrealistic.



**FEATURE 7 - OCCUPATION-SPECIFIC TRAINING**

**Analysts:** NESAs analysts concluded that the proposal does not seem to represent any change from current practices.

**Managers:** Like motherhood and apple pie, who can oppose the concept? NESAs managers were skeptical about where the money and time would come from, however. OTE was perceived as not capable of designing appropriate courses and the necessary support that line officers will be called upon to provide was considered excessive.

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**FEATURE 8 - IMPROVED AVAILABILITY OF TRAINING**

Analysts: NESA analysts said this proposal made sense, but questioned the availability of analysts' time and their incentive for taking training. It was suggested that compensatory time be granted to employees who use their own time to take Agency-specified training.

Managers: This was seen by some as more imaginative than most proposals, but the burdens of additional training were considered excessive.

**FEATURE 9 - DUAL TRACK**

Analysts: NESAs analysts support the dual track proposal, although many believe the duties, functions, and lines of authority need to be spelled out more fully.

Managers: NESAs managers continue to express reservations about the dual track idea. The need to preserve managerial authority and responsibility for products was emphasized.

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## FEATURE 10 - PROMOTION

Analysts: This aspect of the package elicited a generally favorable response, although some analysts believe the promotion system will likely become more conservative.

Managers: Most managers found the procedures and criteria for promotion that are outlined to be appropriate and better than what was described in the DI Occupational Panel's report. The critics pointed out that the criteria for promotion seem to be mostly input to the employee -- assignments, experiences, and training -- rather than output -- performance, production, briefings, etc. This, according to the critics, epitomizes a philosophy they believe that underlies many of the proposal's features: if an employee gets certain tickets punched, the analyst should be promoted.

**FEATURE 11 - FLEXIBLE BENEFIT PROGRAM**

Analysts: This feature received a most enthusiastic response from NESA analysts. There were questions, however, about whether funding for the plan would be deducted from salary (in which case the benefits would be flexible but not beneficial) and, if not, where the money would come from.

Managers: Views range from "enthusiastic" to "within financial limits, makes eminently good sense..."

**FEATURE 12 - LEAVE CONVERSION**

Analysts: Analysts like this idea. Many said they would sell some annual leave and some say they would consider donating to the sick leave bank.

Managers: NESAs managers are very supportive, but some raise questions about the costs.

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**FEATURE 13 - EDUCATIONAL ASSISTANCE FOR DEPENDENT**

Analysts: NESA analysts like this feature, although some believe that the Agency should not subsidize student loans.

Managers: Responses were divided among those who expressed no views and those who were supportive. Again, some managers raised questions about the costs.

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**FEATURE 14 - STAFFING MANAGEMENT TOOLS**

Analysts: Many analysts agree that this feature would help create headroom, but some are concerned that it could lead to an "up or out" system in which we would lose valuable expertise. The retirement proposals should be open to all employees and not just senior managers and experts.

Managers: The managers said the early retirement provisions were potentially a major attraction for those who would be given the option of retiring early and those who would benefit from the headroom.



FEATURE 15 - SYSTEM CONTROLS

Analysts: Most analysts see this as largely a management implementation issue. They assume we are doing most of those things now and if not, we should be. Others argue that this is a necessary administrative evil, but that we should be concerned that a new bureaucracy will be created to use budget resources that already seem inadequate to implement the proposed new system.

Managers: The report is correct to emphasize the need for additional ADP support.

FEATURE 16 - PROJECTION TOOLS

Analysts: Most analysts are uncertain about the implications of this feature and view it largely as an implementation matter.

Managers: They believe this would be needed if the plan were to go into effect. Where would the resources come from, without eating into line resources, is the question asked by the managers.

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31 July 1987

MEMORANDUM FOR:  D/NESA

STAT

FROM: Persian Gulf Division Analysts

SUBJECT: Comments on the Proposed Pay, Personnel Management,  
and Compensation System

General observations: Analysts are unimpressed with most features of the proposed system, their basic attitude being: If it ain't broken, don't fix it. The current system is perceived as underutilized but sufficiently flexible to accommodate most of the perceived benefits of the new plan. They believe that the proposed plan overstates the benefits; analysts strongly doubt the new plan's claim that no one would suffer and that some analysts would be better off. They further doubt that suggested pay benefits could be accommodated under the proposed budget increases of 2-3 percent.

Feature 1--Occupationally Defined Bands

Analysts believe that the objectives of the reforms can be achieved under the present system and fail to see the need for change. Some analysts believe the banding might have merit if it could be used to obtain higher salary scales commensurate with private sector counterparts.

Feature 2--Incentive Pay

Analysts believe that the idea has merit in principle, but doubt that funds would be available. They suspect that Congress will find the incentive pay an attractive area to attack during budget hearings. Analysts believe that incentive pay is underutilized in the present system and are concerned that it will not be implemented fully in a new system. Analysts recognize the benefits to management of annual rewards. Analysts note that the incentives would depend upon who awarded them and that the fundamental ranking system would remain the same--with the same perceived flaws. They are concerned that the system might encourage analysts to move to "hot accounts" and damage the morale of those in slower accounts.

Feature 3--Performance Plan

Analysts believe advanced work plans have not worked well in past and doubt that they would work well in the future. They regard them of limited value except to junior employees (or employees in trouble). Analysts find the work plans of little use, particularly in a rapidly

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changing region like the Near East. Most analysts see little new here. Such work plans would have to be too general to be of much value.

Feature 4--Performance Evaluation

The proposed "automated" systems seems less flexible and therefore of less value in evaluating performance. Analysts believe branch chiefs should not be restricted in commenting on subjects outside the specified plans. More structure does not guarantee a more accurate PAR or better communication between branch chiefs and analysts. Most analysts are skeptical that the Directorate-wide ranking system (page 14) could be implemented when even at Office levels nuances of performance are difficult to rank accurately.

Feature 5--Occupational Career Handbooks

Analysts see the handbooks as useful for junior analysts but believe the proposed system overrates their value

Feature 6--Individual Career Development Plan

Analysts regard some guidance, particularly, to new employees, as a good idea, but the new system does not provide for follow-up on the employees' progress. Career development is accommodated under the current system.

Feature 7--Occupation--Specific Training

Analysts ask, "Don't we already have it?". If it is not available now, the system seems to be working without it.

Feature 8--Improved Availability of Training

Analysts find this point makes sense, but question the availability of analysts' time and their incentive for taking training. Could the new (or current) system make managers more responsible for assuring that their employees had time/incentives to meet training goals?

Feature 9--Dual Track

In general, analysts favor the dual-track approach. (They believe they discussed this extensively in the earlier session.) Some analysts believe the proposed dual-track system would tend to magnify the difference between managers and analysts when it should be trying to reduce the gulf. The current system's underutilized provisions for senior analysts do not bode well for a new system.

Feature 10--Promotion

There are no strong feelings about this feature.

Feature 11--Flexible Benefits Program

This feature receives the most enthusiastic reception. Most analysts, however, wonder whether flexible benefits could be achieved under the present system.

Feature 12--Leave Conversion

Analysts like the whole section. Most analysts would plan to sell annual leave and some say they would consider donating to the sick leave bank.

Feature 13--Educational Assistance for Dependents

Analysts like this feature. Some analysts, however, believe that the Agency should not subsidize student loans because the loans would favor those employees with students. They would prefer a program of voluntary contributions to a loan program.

Feature 14--Staffing Management Tools

Analysts welcome the concept of early outs. Some analysts have vague concerns over the costs of this program. Others are concerned that the retention bonus was subject to possible abuse.

Feature 15--System Controls

Analysts see this as largely a management issue. They assume that we were doing these things now and if not, we should be.

Feature 16--Projection Tools

Analysts make the same observations about this feature.

Suggestions:

Remove the minimum-time-in-grade requirement as an incentive to improve performance. Some analysts believe that analysts would see the rewards as more immediately related to performance, and would work harder.

The new system does not guarantee greater manager awareness of analysts' performance but gives them authority over rewards.

Many analysts regard the proposed plan as intended primarily to help solve DO problems, a perception that is fostered by the extended and exclusive examples in the back of the booklet. Once again they question whether DO (and DI) couldn't tailor the present system to suit their particular needs.

Division Analysts (NESA)  
31 July 1987

STAT

## Response to DI Analyst Occupational Panel Report

### Feature 1 - Occupationally Defined Bands

We support Agency efforts to revise position classifications and pay to better reflect the marketplace. However, we question whether the Agency can really find professional occupations in the private sector that compare well with analyst positions in the CIA. Will the Agency compare CIA analysts with relatively low-paid, untenured college teachers, or does it look to relatively well-paid contractors of the type that often work for DDI offices? In addition, occupations for which there are no clear cut market linkages to the private sector-- such as intelligence analysts and operations officers--may lose out.

### Feature 2 - Incentive Pay

While the plan is logical -- linking bonuses to rankings of analysts -- we believe, as expressed in our previous report, that incentive pay may undermine morale. In addition, many analysts question the benefits of bonuses. Under the current system, a promotion leads to a permanent increase in salary. The new system, as we understand it, allows for a smaller permanent salary increase, while the bonus portion is subject to yearly financial vagaries and performance evaluation.

### Feature 3 - Performance Plan

### Feature 4 - Performance Evaluation

Analysts believe it is a good idea to come up with a new PAR that would allow for more talking between analyst and manager and less emphasis on the written essay. To be sure, we would not want the PAR to become too rigid in format and would want it to include space for miscellaneous comments.

### Feature 5 - Occupational Career Handbooks

This is a great idea. Some analysts, however, questioned if anyone would seriously read and/or review this handbooks.

### Feature 6 - Individual Career Development Plan

Feature 7 - Occupation-Specific Training

Feature 8 - Improved Availability of Training

This also is an excellent idea as long as it remains largely optional and analysts are not asked to attend a host of obligatory -- and at worst tedious -- training courses required for advancement. Some analysts expressed serious doubts about the availability of additional funding for training.

Feature 9 - Dual Track

We enthusiastically support the concept, although we believe that the duties, functions, and lines of authority need to be spelled out more fully than was the case in the report prepared by the occupational panel.

Feature 10 - Promotion

Feature 11 - Flexible Benefits Program

We find the flexible benefits package highly attractive and support it fully.

Feature 12 - Leave Conversion

Most analysts like this very much.

Feature 13 - Educational Assistance for Dependents

Feature 14 - Staffing Management Tools

Feature 15 and Feature 16

These appear to be necessary administrative evils, but we are concerned that they would generate an entire new bureaucracy that could use up budget resources that already seem inadequate to implement the new system in the first place.

General

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Analysts in the ☐ Division basically see very little that is unattractive in the report. However, we believe the plan will create some financial problems unless new funds are obligated for personnel services. The plan is designed to improve the personnel and compensation system without adding more than 2 to 3 percent to the Agency's personnel budget. Yet it calls for:

-- the continuation of employee salaries at the present level in the new banding system;

-- the continued use of step increases under another name; and

-- the provision of incentive pay to as many as 50 percent of employees.

We doubt the new plan will work without the expenditure of much more than a 2-3 percent increase in the budget.

In addition, many analysts opined that the current, simpler system could be modified atleast to correct for pay differentials between the Agency and the private sector if,

--management promoted at minimum time in grade instead of making analysts wait, and

--management made greater use of cash awards to employees to redress pay differentials.



29 July 1987

MEMORANDUM FOR: Director, Near Eastern and South Asian Analysis

FROM:

South Asia Division

STAT

SUBJECT: SO Division Analysts' Comments on Proposed Pay, Personnel Management, and Compensation System for CIA

Feature 1 - Occupationally Defined Bands

A number of analysts are skeptical of market linkage for work done in the DI. Political analysts are especially concerned as their's is a career with little comparison in the market but of considerable importance to the functioning of the DI. Some analysts feel that four bands for analysts are insufficient because the time span between journeyman and expert is too long, making it more difficult to evaluate career progress. It was suggested that 6 bands would be more beneficial for analysts. Some analysts also feel that occupational banding would make it more difficult to move between occupations within the Agency and to take rotations in other fields, both of which are considered a key benefit of a long-term career with the Agency.

Feature 2 - Incentive Pay

Analysts don't believe that the incentive pay proposals can be implemented to the benefit of most analysts given current and probably future budgetary constraints. The report does not address who might lose and how much they would lose under the new system. Some analysts feel this feature relies too heavily on managers' evaluations; a poor manager or "hard marker" could possibly harm a good analyst's career.

Feature 3 - Performance Plan

This is comparable to the advanced work plan currently in existence. Most analysts are in favor of frequent informal meetings with their managers in lieu of the one big annual event.

Feature 4 - Performance Evaluation

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Most analysts do not see much of a difference from the current system. Some analysts are concerned that the proposed system does not leave flexibility for daily changes in intelligence priorities. The system also does not leave room for important intangibles such as motivation, attitude, and professional behavior.

Feature 5 - Occupational Career Handbooks

Most analysts consider the handbooks a useful idea as long as they are used as guides and do not become hard and fast rules. Analysts should not be penalized for not following the rules exactly. Some expressed concern that the handbooks would tend to institutionalize occupations and place less of a focus on individual and branch needs.

Feature 6 - Individual Career Development Plan

Analysts are generally in favor of this idea.

Feature 7 - Occupation-Specific Training

This feature doesn't seem to represent any change from current policy.

Feature 8 - Improved Availability of Training

Analysts are in favor of improved availability of training but most expressed skepticism that much improvement would be made. Has the Task Force thought about the security implications of take-home VCR tapes, computer discs, etc.?

Feature 9 - Dual Track

Analysts are in favor of expanded opportunities for career advancement as an analyst. Some analysts are concerned that dual tracks may encourage average analysts to become average managers instead of becoming substantive experts. Other analysts believe that the financial incentives available to expert analysts under the proposed system would stop forcing them into management positions when they prefer to remain and are more suited as analysts. Analysts agree that cash incentives are important even though the majority of people are at the Agency for reasons other than money.

Feature 10 - Promotion

All analysts are in favor of this feature. Some analysts suggest that since there will be fewer promotions under the proposed system, there should be more ways to recognize people publicly.

Feature 11 - Flexible Benefits Program

All analysts in the division like this feature but some were concerned with the Agency's ability to meet the additional cost.

Feature 12 - Leave Conversion

A number of analysts were in favor of this. Some analysts complained that the description of this feature makes it sound unethical to take all leave.

Feature 13 - Educational Assistance for Dependents

Most analysts were in favor of this. Some were against it on the grounds that everyone would pay for it but only some would benefit.

Feature 14 - Staffing Management Tools

Many analysts agree that this feature would probably be good for creating headroom but some are concerned that it could degenerate into an up or out system where we would lose valuable experts. A few analysts pointed out that it is difficult for younger analysts to consider this feature because they do not usually project into the future regarding retirement programs.

Feature 15 - System Controls

Some analysts questioned where the checks and balances on senior managers are in the allocation of monies in their individual offices.

Feature 16 - Projection Tools

Analysts agree that management must improve its ability to evaluate its employee needs consistently throughout the Agency. Some analysts are concerned that this feature would put too much power in the hands of branch chiefs in the area of recruiting, employee retention, and retirement, creating a potential for abuse.

General Comments:

Although many of the comments look good on paper, analysts in this division do not believe the system can be implemented, as intended, without a substantial increase in cost. Where will the money for the new system come from? A number of analysts commented that many of the proposed features are already in existence and do not require a change in personnel system to be implemented. Furthermore, if these features are not being used efficiently now, what is the incentive under the new system to make them work? Some analysts believe there is also a greater potential for abuse under the new system. Analysts are also concerned that the new proposals have not been completely thought out. Descriptions of a number of the features are sketchy and vague. Analysts are adamant that they do not want

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to be "guinea pigs." No system should be implemented until all the details have been thought out and worked out.

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July 31, 1987

MEMORANDUM FOR: Director/NESA

FROM:



STAT

SUBJECT:

Draft Proposal on New Pay, Personnel Management  
and Benefits System for CIA

The two branches of IA Division met separately to consider the proposed system and came to somewhat different conclusions. As you will see, Issues Branch (which included me in its meetings) was quite critical of the overall proposal, although it found some of its features attractive. Applications Branch was more positive in its response. We have decided that merging the two approaches would serve little purpose and, therefore, are sending both of them forward.



STAT

Unanimous disbelief that up to 50% of employees would receive incentive pay larger than current in-steps. This suggests, first, a high level of funding and, second, a considerable inflation in PARs. In the coming era of Graham-Rudman and a probable decline in CIA's share of the pie, the funding premise seems fatuous.

There are provisions for rewards in the current system which presumably are not being creatively exploited. There is little reason to expect that the new system would be better used. Furthermore, the bonus system, where it is used--for high-level managers--appears to be applied subjectively and in a self-serving manner.

Finally, it is not clear what the pay incentive system is designed to accomplish. Most feel the result would be detrimental to morale and to analyst-manager relations as a manager is constantly forced to apportion limited funds, making his/her life more difficult.

#### Feature 3: Performance Plan

Okay. Little change, if any, from current advanced work plan.

#### Feature 4: Performance Evaluation

Okay. Again, however, most feel that these changes could be made within the current system. A five-point rating scale is probably as good as a seven-point system, but this change misses the point. The main problem is the frequent incompatibility between the ratings given by different components. Any ratings system will be largely subjective and will differ from manager to manager. Stricter adherence to rating scale definitions, whatever the system, would help.

There is strong support for a strengthened career development system--but one that is geared to the needs and objectives of the individual, not only to those of a particular agency component.

#### Features 5-8:

These suggestions are all good, but should be ongoing within the current system.

#### Feature 9: Dual Track

Our support for the dual track was stated in our comments on the Occupational Panel report. We believe it would help the agency to maintain a cadre of experienced analysts.

30 July 1987

MEMORANDUM FOR THE RECORD

SUBJECT: Branch Evaluation of the Proposed Pay, Personnel Management, and Compensation System.

Applications Branch of the Issues and Applications Division met on 22 July to discuss the proposed Pay, Personnel Management, and Compensation System. Following are consensus views of the Branch on the various features of the proposed System:

**Feature 1--Occupationally Defined Bands.** The Branch is generally in favor of the two-track system. It is not clear, however, how banding will take place--whether by office or by job. Should banding take place by job title, it is possible that employees may be evaluated by persons who are unfamiliar with the specific work that they do. The Branch also wonders whether the new System will apply ranking, time-in-grade, and other criteria throughout the Agency.

**Feature 2--Incentive Pay.** There appear to be no provisions in the proposed System for the distribution of incentives. Will most incentives go to higher level employees. Some mechanism is needed to assure that incentives are equitably distributed.

**Feature 3--Performance Plan.** While supervisors are in the best position to develop performance plans for their employees, these plans need to be evaluated by others in order to determine the performance of the supervisor, to assure consistency of plans among various supervisors, and to assure that individual plans are not defective in some way.

The proposed System does recognize the need for plan revision. Most analysts spend much of their time working on tasks of an ad hoc nature. Perhaps such allowance for such work needs to be incorporated into performance plans. If not, an employee's plan needs to be revised each time he is assigned a new task requiring a "substantial" share of his time.

**Feature 4--Performance Evaluation.** Evaluation fairness must be safeguarded by providing a review process. The new System should either allow for the periodic review of supervisor evaluations of employees as a part of the process of evaluating supervisor performance or for grievance procedure by which employees can have their own evaluations reviewed by persons other than their supervisor.

be no penalty for early retirement, and this option should be available to all employees, not just those at the higher levels.

The Branch expressed several other concerns about the proposed System.

- o The System increases the role of the supervisor in the development of the careers of his employees. Is this wise?
- o Will the new System do away with cost-of-living increases in pay?
- o What impact will the proposed System have on job security?



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the current PAR system needs improvement, but we find Performance Evaluation to be too rigid to be acceptable in evaluating DI analysts whose job requirements vary considerably and are subject to frequent change.

6. Feature 5. Career Handbooks

Some of our managers see this proposal as the initial step in the establishment of career tracks similar to those established by the military services. It would lead employees to focus on getting the proper "tickets punched" and would discourage creativity and spontaneity. Each employee has a different set of needs and strengths and should, in our view, be allowed to make career decisions based on his or her own individual situation.

7. Feature 6. Career Development Plan

This would probably improve communication between employees and managers, but it has some of the same shortcomings as Feature 5.

8. Feature 7. Occupation Specific Training

This is less flexible than the current system and would stifle individual initiative in training decisions.

9. Feature 8. Improved Availability of Training

The positive aspect of this feature is that it provides more imaginative training opportunities.

10. Feature 9. Dual Track

Some of our managers think this is a great idea. Others are concerned about the nature of the relationships between supervisors and their senior analysts if the senior analysts have unrestricted freedom without regard for division management. Some also fear an unnecessary proliferation of senior analysts.

11. Feature 10. Promotion

This does not mean much unless the pie from which pay is taken is enlarged.

12. Feature 11. Flexible Benefits Program

Somewhat confusing but generally a helpful proposal.

13. Feature 12. Leave Conversion

Good Idea. Concur.

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14. Feature 13. Educational Assistance

Good Idea. Concur.

15. Feature 14. Staffing Management

Increases pressure on managers to reach the SIS level early in their careers.

16. Feature 15. System Controls

Vague, but appears to be acceptable.

17. Feature 16. Projection Tools

Unclear.

plans, drafting career handbooks, etc will place additional demands on the time of line officers. Moreover, it seems to us that a substantial bureaucracy will need to be created to run the new system. If there is no comparable increase in Agency resources, this will have to come out of the hide of line organizations.

- We believe that there are a number of good features in the plan and that they can and should be implemented without completely restructuring the Agency's personnel system.

3. The following are comments on the individual features:

**Feature 1 --Occupationally Defined Bands**

- Work levels not well defined in DI band--all problems pointed out in comments on DI occupational panel report apply.
- Who would participate in the market pricing process? This will either be a drain on line-officer time or you will end up reducing the number of line-officers in-order-to create a staff to do the work.
- There is an apparent contradiction in comments related to comparability increases. The report states that the Agency would continue to maintain an overall parity with other Federal agencies on the comparability pay increases, but would use a market survey to make higher occupation specific adjustments. The report goes on to state all employees at fully satisfactory level would receive the Federal comparability increase at a minimum. How do you give some more, the rest the same, and still maintain parity?
- On page three the report states that conversion of our present work force to occupationally defined bands will require minimal costs, assuming we initially make no significant adjustments to current occupational pay levels. If the benefits are minimal, what is to be gained from a major redo of the system?

**Feature 2 --Incentive Pay**

- Sounds good on paper. An open pay range with both permanent, annual salary increases and bonuses appears fair and a plausible way to reward

performance. Concept has not worked equitably elsewhere in the government, however.

- Concept would foster a more competitive atmosphere instead of encouraging a team effort. You risk cut-throat competition for a few prime accounts and difficulty in getting people to pay attention to less visible accounts.

#### **Feature 3 --Performance Plan**

- Support of data base created for each occupation that includes key job responsibilities and functions, representative tasks, and occupation-specific performance expectations would require excessive time and manpower.
- Seems to be a step backward from AWP's.
- Performance plan has to be tailored to the individual. Therefore--as in many of these features--too much time, money and effort will be wasted on ADP support.

#### **Feature 4 --Performance Evaluation**

- No major problems other than continued criticism of relying on "automated" support and the problems pointed out in the DI occupation panel report which required a "5" ranking for promotion.

#### **Feature 5 --Occupational Career Handbooks**

- The objective is commendable but, as in much of the proposed system, the time and personnel requirements for preparing and updating the handbooks would be excessive.

#### **Feature 6 Individual Career Development Plan**

- Attractive as an optional tool--to be done by and used by an individual. Any other use or purpose would be to formal and unrealistic.
- Report states that the career development plan is tailored to the needs of the individual employee. How about the needs of the organization?
- The development plan is to be used to plan and prepare for an employee's next assignment. Rare are the reassignments that can be planned for in the DI. Most reassignments are the result of shifts in the importance of accounts or the unforeseen movement of individuals.

**Feature 7--Occupation-Specific Training**

- Like motherhood and apple pie, the objective can't be opposed, but where is the money and time to come from. The necessary support that busy line officers will be called upon to provide would be excessive.

**Feature 8--Improved Availability of Training**

- Additional training will have to compete with many other demands upon the person's time.
- See no need for extended and expanded mandatory entry-level training.

**Feature 9--Dual Track**

- Principle is okay, but you need to preserve the manager's authority and responsibility for products. The relationship between experts and managers has not been defined adequately by the DI occupational panel.

**Feature 10--Promotion**

- Not much new here.
- Statement that all employees with satisfactory or above performance evaluation would be considered for promotion does not fit with DI occupational report which says you need a five to be promoted.

**Feature 11--Flexible Benefits Program**

**Feature 12--Leave Conversion**

**Feature 13--Educational Assistance for Dependent's**

- These three features are very attractive and likely to be widely appreciated and valued. They would help retain people in the Agency.
- Major concern is whether the Agency can support the features financially.

**Feature 14--Staffing Management Tools**

- Good proposals for flow-through and retention.

**Feature 15--System Controls**

- Very ambitious and burdensome for managers.

SUBJECT: Comments of AI Managers on Proposed Pay,  
Personnel Management, and Compensation System.

- Would require major refocusing of managers from substantive matters to administration.

**Feature 16--Projection Tools**

- Would be needed if plan is put into effect.  
However, where are you going to get the resources ..  
for these features without eating into line resourc  
es?



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continue to do so. Those who are not will tend to write perfunctory performance plans. We also find it distressing that the plan on which each employee is to be evaluated--potentially the most important document an employee will be involved with--is being sold to managers as requiring only "a few lines" of written material.

Feature 4. Performance Evaluation

Comment: Essentially this is a revamped PAR and we have no basic problem with it being implemented. Nonetheless we doubt it will end, or even ameliorate, the communication problems in the present system. We note that, contrary to the report, the narrative of the current PAR is the most important part of the document and should already address the employee's job responsibilities.

Feature 5. Occupational Career Handbooks

Comment: We had little comment on this feature--interesting in that the panel describes it as the "heart of the career development improvements in the proposed system." Essentially we believe this will be another document that will gather dust on managers' shelves while employees will be misled into believing that, if they acquire the "assignments, experiences, skills, and training that best prepare an employee for each level," they automatically will be promoted to that level. Moreover, assignments, experiences, and even some training are now often determined by the needs of the office, not the needs of the employee. Presumably this will remain true in the future, leading to increased tension between employees, who feel they need these things to get ahead, and the office, which may feel it cannot spare the employee for those assignments due to the workload.

Feature 6. Individual Career Development

Comment: None

Feature 7. Occupational Specific Training

Comment: We doubt OTE will be able to design courses appropriate for the DDI under this new plan, therefore we believe each Directorate will have to have its own training unit.

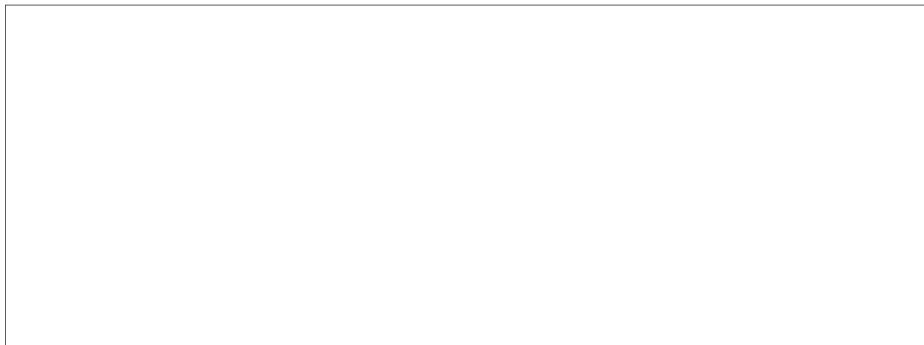
Feature 8. Improved Availability of Training

Comment: We question whether there is much unclassified training for DDI analysts that can be taken home.

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Feature 16. Projection Tools

Comment: We are surprised the Agency isn't using these planning tools already.



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30 July 1987

MEMORANDUM FOR: D/NESA

FROM: ☐ Division Managers

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SUBJECT: Report of the Human Resource Task Force

The managers in ☐ Division have discussed the preliminary report of the Human Resources Modernization and Compensation Task Force and offer the following observations.

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Feature 1: Occupationally Defined Bands

We believe the proposed banding system is a generally sound--and necessarily flexible--way to recognize that different occupations call for different salary levels. It is also more rational than the GS system in that it more clearly distinguishes between a reward for fulfilling one's current responsibilities well and a promotion to a higher level of responsibility.

We have some concern about how the analyst occupational group is--or rather, is not--subdivided into disciplines. To implement fully the Task Force's principle of market pricing for specific occupations, economists probably would have to be separated from political and military analysts. On balance, however, a single occupational group for analysts is probably better suited to NESA, with its integrated branches, multi-author projects, and emphasis on cross-disciplinary analysis.

We strongly endorse the removal of average grade and ceiling constraints. The only justification for personnel management restrictions of this sort is the effect on the budget's bottom line, and the funding constraints that would continue under the new system would take care of that.

Feature 2: Incentive Pay

The proposed system of incentive pay is, overall, an excellent idea. It would be more fair, less arbitrary, and more capable of fine-tuning than the current system of awards. In addition, by directly affecting at least 50 percent of the work force, it could be expected to have a significant motivating effect.

One question about implementing the incentive pay is exactly what kind of guidelines (or quotas) career panels

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would observe in making their decisions. Rigid monetary limits in doling out incentive pay might inaccurately assume that excellence is evenly distributed across offices. But looser guidelines might mean that different career panels would apply different standards, as well as making the total cost uncertain.

Regardless of whether the guidelines are tight or loose, career panels will need not just some of the wisdom of a Solomon but also some of the budgetary virtuosity of a David Stockman to do a good job of apportioning incentive pay. Consider how a panel would look at the distribution of incentive pay among different grade levels. One approach would be to allot portions of the kitty to each grade according to a fixed formula that considered the number of analysts in each grade and their average current salary. This would simplify the task, but it might be unfair in an office as small as NESAs, where in any given year the career panel might be able to discern that the dozen or so analysts in grade X formed a generally stronger group than the dozen or so analysts in grade Y. The problem would be mitigated somewhat once the current GS system was replaced by the banding system (with fewer grade levels and thus, presumably, a larger number of analysts at each level), but it would still exist. If the panel did not apportion money among levels according to a fixed formula, it would, in part, be ranking employees not only against others in the same grade but also against those in other grades, because every dollar spent for incentive pay for employees in one grade would mean less for those in a different grade. Would a career panel try to do this all at once, in one annual binge of rankings and marathon panel meetings? Or would it continue to consider different grades at different times throughout the year, which could mean it would be committing incentive pay piecemeal, before determining all of the people who will be deserving of such pay?

A related uncertainty is how the incentive pay for managers who sit on career panels would be kept separate from the money that they allot to other employees in their office. If it were not separated, there might be a conflict of interest (i.e., using less of the kitty for lower grades would leave more of it for the managers). Would there be a separate directorate-wide kitty for everyone at a level equivalent to the current GS-15 (or even GS-14)? The report does not specify.

The report does not indicate whether information about incentive pay awards would be available to all employees in the office. NESAs' current practice is that promotions and awards are publicized, but in the private sector it is probably more common for the size of bonuses to be unpublicized. We do not have a well-formed view on this question. Making the information freely available might

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increase the motivating power of incentive pay, clarify what kinds of performance are most appreciated, and help to limit rumors and misinformation. But it might also induce career panels to distribute incentive pay more broadly than actual performance would dictate.

The report also does not specify whether bonuses would be paid in a lump sum or spread out over a year. We recommend the former, to make it clear that the payment is a bonus, not a salary increase, and does not carry over into the next year.

We want to stress that we endorse the idea of pay-for-performance and of incentive pay specifically. The uncertainties we have mentioned above are not reasons to avoid incentive pay but instead areas where the report is unclear and where perhaps further details need to be thought out before the new system is implemented.

Feature 3: Performance Plan

We doubt whether an "automated AWP" would be very useful, but the supervisor would have discretion whether or not to use it anyway.

Feature 4: Performance Evaluation

We don't see how going from seven to five rating levels on the PAR would improve anything. The report does not specify how the PAR would be used with any greater effect or consistency in decisions on pay and promotions than is the case today. The report is better than the DI occupational panel's report, however, in not proposing that promotions be rigidly tied to PAR ratings.

Feature 5: Occupational Career Handbooks

Sounds fine.

Feature 6: Individual Career Development Plan

Sounds fine, but supervisors and employees ought to be doing this sort of thing already.

Feature 7: Occupation-Specific Training

No comment.

Feature 8: Improved Availability of Training

No comment.

Feature 9: Dual Track

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The reservations we expressed earlier--in our comments on the DI occupational panel's report--about experts and managers and how they would relate to each other also apply to the current report. We favor the existence of separate tracks but emphasize the need to think out carefully where senior experts fit into office hierarchies. The proposed Manager-Expert Incentive Program appears to be a worthwhile way to recognize and reward major contributors below the SIS level.

Feature 10: Promotion

The procedures and criteria for promotion that are outlined here sound appropriate, and are better than what was described in the DI occupational panel's report.

Feature 11: Flexible Benefits Program

Greater flexibility in selecting benefits, within financial limits, makes eminently good sense and is a long-overdue recognition of the extent to which needs of employees vary greatly because of different personal and family circumstances.

Feature 12: Leave Conversion

As a further implementation of the principle of making benefits flexible, the proposals for use of leave are sound.

Feature 13: Educational Assistance for Dependents

No comment.

Feature 14: Staffing Management Tools

The early retirement provisions are potentially a major attraction both for those who would be given the option of retiring early and those who would benefit from the headroom thereby opened up. We note, however, that the recommended provisions for early retirement and retention bonuses are based on DCI discretion, and so exactly how these provisions would be implemented, and how beneficial they would prove to be, are difficult to predict.

Feature 15: System Controls

The report is correct to emphasize the need for additional ADP support. As noted above, the deliberations of career panels in awarding incentive pay are particularly likely to require number-crunching assistance.

Feature 16: Projection Tools

No comment.

General Comments

In general, we like the proposed new compensation system. It would almost certainly be more attractive than the present one to the sorts of high-performing current and potential employees we most need to recruit and retain, and it would more systematically motivate and reward good performers. Most of our doubts and concerns, as described above, involve the details of implementation.

Our one general concern is that some of what is proposed sounds expensive. In particular, an incentive pay system that provides fully satisfactory performers with at least what they would receive under the GS system and provides half of the work force with even more would seem to involve a substantial increase in personnel costs. The budgetary question is not a subject of the report, of course. We just note that the report does not really prove the case that the Agency is not competing well enough with the private sector in hiring and retaining good people in many occupations, as opposed to a few occupations, such as computer specialists.

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Comments on Proposed Pay, Personnel Management.Compensation System

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First I would not dismiss the entire study out of hand. There are some very revolutionary ideas put forth, some more worthy of acceptance, some less so. Many, many of the proposals obviously need more study and more form. All need better costing studies. I believe a more honest approach is required, particularly if "incentive" pay is approved. All people will not benefit, and the sooner that point is made, the better. Too much is promised, for too many people. While each of the proposals are attractive to varying degrees implementation of such a total system would have far reaching impacts. For example

- supervisors would have to spend far more time managing. How would this impact on DI managers who have to develop and maintain considerable substantive expertise?

- Several of the proposals would depend on greater staffing for the Office of Personnel and greater exercise of control on their part. Is that desirable??

- While merit pay is much like motherhood and god, it would impact on teamwork and morale. Many believe the DI is already too competitive.

Feature 1 - Occupationally Defined Bands

- Criticizes GS system but presents little evidence to backup its remarks.

Doing away with PMCD and creating our own distinct position descriptions are highly desirable. Allowing management to use personnel services funding to constrain the work force is an important step forward.

- The concept of "market pricing" is glossed over. What organizations in the private sector do we survey to determine how much DI analysts should be paid? Even if this could be accomplished where will the funds come from to meet these new pay obligations?

- Is there enough commonality in the work of DI analysts that would allow those individuals to be placed in a single band? What of people in staff positions?

- Assuming banding can be accomplished, rather than create a new pay scale the Agency could retain the GS system.

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## Feature 2 - Incentive Pay

- A noble idea but I fail to see how everybody can benefit. The draft claims up to 50% of the employees will received incentive bonuses. Where will the funds come from? If the panel is suggesting that underperformers get less or nothing and above average achievers receive sizable bonus then the cost will be considerable less. Those losing money, the underperformers will be far from satisfied.
- Performance appraisals are already one of management's most difficult assignments. Attaching monetary awards to the system will only add to the difficulty.
- "All employees at an acceptable level of performance would receive at least the equivalent of the current in-steps." Very hard to believe.
- Will mean few promotions and more time in level.

## Feature 3 - Performance Plan

- A few years ago when the Agency was deep in Management by Objectives, managers had to do Letters of Instructions (LOIs). These were to spell out measurable objectives employees were suppose to achieve if their performance was deemed satisfactory. LOIs did not work then and I doubt if the new "Performance Plans" will work. Our work is such that it can nor be quantified.

## Feature 4 - Performance Evaluation

- The Office of Personnel can not keep track of new applicants. How can we expect them to develop and maintain a complex data base.
- It is probably time to change the current PAR system.

## Feature 5 - Occupational Career Handbook

- Doable but I doubt that it will have the impact the panel gives it. Many employees are constantly seeking road maps to success. I have yet to see one.

## Feature 6 - Individual Career Development Plan

- A desirable item but I doubt that it will succeed to the point the panel believes it will.

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**Feature 7 - Occupation-Specific Training**

- No comment

**Feature 8 - Improved Availability of Training**

- No comment.

**Feature 9 - Dual Track**

- I have no problem with this concept but I don't believe it is the final answer. Problems exist in defining the role of management vis-a-vis senior analyst/expert. Duties for each need to be clarified. If the decision to create senior analysts is left to the Office Director then it might work.

**Feature 10 - promotion**

- Too much importance attached to Career Handbooks. I doubt if any publication can adequately spell out the details required for promotion to a higher grade. If intent is to create "ticket punched" mentality than I am opposed.

**Feature 11 - Flexible Benefits Program**

- Sounds attractive but again one wonders about the cost for such a program and where the funds will come from.

**Feature 12 - Leave Conversion**

NC

**Feature 13 - Educational Assistance for Dependents**

- Sounds quite attractive but obviously cost are great.

**Feature 14 - Staffing Management Tools**

- Again this package sounds reasonable until one begins looking at the cost for such proposals. One also wonders how the troops will view this proposal especially when SISers and managers/experts will be receiving sizable bonuses throughout their careers. I am very skeptical of the need for this proposal. I see no justification for retention or early out bonuses.

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**Feature 15 - Systems Controls**

- The Office of Personnel remains in the dark ages when it comes to ADP. If there is one office in the Agency that cries out for automated systems it is O/P. ~~Yet~~ they have yet to develop a reliable system. I have absolutely no faith in their development of a system that will assist managers in budgeting and controlling a personnel compensation system.

**Feature 16 - Projection Tools**

- Again I would have to admit that I do not believe that the O/Personnel has neither the resources or the imagination to develop these tools.

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## VIEWS OF D/NESA AND DD/NESA

The effort to increase compensation and other rewards for Agency employees is a laudable endeavor. We are not convinced, however, that to secure the benefits of those few features of the proposed pay, personnel management, and compensation plan which are almost universally supported that we need the complete restructuring of the present system.

We believe that the proposed personnel system would fundamentally alter our management structure and philosophy in ways that would be dysfunctional. NESA managers and, we trust, others in the Directorate of Intelligence are and need to be involved with substance. The new system would mandate that they spend most of their time on administrative issues.

Our impression is that to make the system work a large resources investment would have to be made. Market surveys, building and maintaining data bases, more training, preparing career development plans, and drafting career handbooks will require new staffs and/or additional demands on the time of line officers. We believe these demands will be especially great in the development and maintenance of sophisticated ADP programs and staffing to manage the system. We already are awash in this Directorate with irrelevant and seemingly always growing staffs and constant demands to furnish productive analysts to do tasks which many of us believe need not be done. If there is no comparable increase in Agency resources to do all the things called for in the new proposals, this will come out of the hide of the line organizations--whose people do the essential missions of this Agency.

We would also question the actual utility of the so-called new, easy, and automated management tools. Past experience has shown that such good sounding concepts have little value in practice and quickly become exercises in rote and irrelevancy.